

AMENDED IN ASSEMBLY SEPTEMBER 6, 2013

AMENDED IN ASSEMBLY AUGUST 7, 2013

AMENDED IN ASSEMBLY JUNE 26, 2013

AMENDED IN SENATE MAY 7, 2013

SENATE BILL

No. 740

Introduced by Senator Padilla

February 22, 2013

An act to amend Section 281 of the Public Utilities Code, relating to telecommunications, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 740, as amended, Padilla. Telecommunications: universal service programs: California Advanced Services Fund.

Existing law, the federal Telecommunications Act of 1996, establishes a program of cooperative federalism for the regulation of telecommunications to attain the goal of local competition, while implementing specific, predictable, and sufficient federal and state mechanisms to preserve and advance universal service, consistent with certain universal service principles. The universal service principles include the principle that consumers in all regions of the nation, including low-income consumers and those in rural, insular, and high-cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas. The act authorizes each state to adopt

regulations to provide for additional definitions and standards to preserve and advance universal service within the state, only to the extent that they adopt additional specific, predictable, and sufficient mechanisms that do not rely on or burden federal universal service support mechanisms.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations, as defined. Existing law establishes the California High-Cost Fund-A Administrative Committee Fund, the California High-Cost Fund-B Administrative Committee Fund, the Universal Lifeline Telephone Service Trust Administrative Committee Fund, the Deaf and Disabled Telecommunications Program Administrative Committee Fund, the Payphone Service Providers Committee Fund, the California Teleconnect Fund Administrative Committee Fund, and the California Advanced Services Fund, referred to as the CASF, in the State Treasury and requires that moneys in the funds are the proceeds of rates and are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service and may be expended only to accomplish specified telecommunications universal service programs, upon appropriation in the annual Budget Act or upon supplemental appropriation. Existing law requires the commission to develop, implement, and administer the CASF to encourage deployment of high-quality advanced communications services to all Californians that will promote economic growth, job creation, and substantial social benefits of advanced information and communications technologies, as provided in specified decisions of the commission and in the CASF statute.

Existing law requires that moneys, collected by the surcharge, authorized by the commission, after January 1, 2011, are to be deposited into 3 separate accounts within the CASF. Existing law authorizes the commission to collect a sum not to exceed \$125,000,000, after January 1, 2011, and requires that \$100,000,000 of that amount be deposited into the Broadband Infrastructure Grant Account. Existing law authorizes the commission to collect the sum through the 2015 calendar year.

This bill would increase the amount the commission is authorized to collect to a sum not to exceed \$215,000,000, after January 1, 2011, and instead would require that \$190,000,000 be deposited into the Broadband Infrastructure Grant Account. The bill would authorize the commission to collect that amount until 2020.

The bill would provide that the goal of the CASF program is, no later than December 31, 2015, to approve funding for infrastructure projects that will provide broadband access to no less than 98% of California households. In approving infrastructure projects, the bill would require the commission to give priority to projects that provide last-mile broadband access to households that are unserved by an existing facilities-based broadband provider. The bill would require the commission to provide each applicant, and any party challenging an application, the opportunity to demonstrate actual levels of broadband service in the project area, as prescribed.

The bill would provide that, notwithstanding the requirement that moneys in the funds are to be used to compensate telephone corporations for their costs of providing universal service, an entity that is not a telephone corporation is eligible to apply to participate in the CASF program to provide access to broadband to an unserved or underserved household, as defined, if the entity otherwise meets the eligibility requirements and complies with program requirements established by the commission.

Existing law requires the commission to conduct an interim and final financial audit and an interim and final performance audit of the implementation and effectiveness of the CASF and to report its interim findings to the Legislature by April 1, 2011, and its final findings to the Legislature by April 1, 2017.

This bill would require the commission to conduct an additional interim financial audit and interim performance audit and to report these findings to the Legislature by April 1, 2017. The bill would instead require the commission to report its final findings to the Legislature by April 1, 2021.

Existing law requires the commission, until January 1, 2016, to provide an annual report to the Legislature that includes specified information.

This bill would extend this reporting requirement until January 1, 2021, and would require the report to include information regarding the status of the CASF balance and the projected amount to be collected in each year through 2020 to fund approved projects.

This bill would incorporate additional changes in Section 281 of the Public Utilities Code proposed in AB 1299, that would become operative only if AB 1299 and this bill are both chaptered and become effective on or before January 1, 2014, and this bill is chaptered last.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 281 of the Public Utilities Code is
2 amended to read:

3 281. (a) The commission shall develop, implement, and
4 administer the California Advanced Services Fund program to
5 encourage deployment of high-quality advanced communications
6 services to all Californians that will promote economic growth,
7 job creation, and the substantial social benefits of advanced
8 information and communications technologies, consistent with
9 this section.

10 (b) (1) The goal of the program is, no later than December 31,
11 2015, to approve funding for infrastructure projects that will
12 provide broadband access to no less than 98 percent of California
13 households.

14 (2) In approving infrastructure projects, the commission shall
15 give priority to projects that provide last-mile broadband access
16 to households that are unserved by an existing facilities-based
17 broadband provider. The commission shall provide each applicant,
18 and any party challenging an application, the opportunity to
19 demonstrate actual levels of broadband service in the project area,
20 which the commission shall consider in reviewing the application.

21 (c) The commission shall establish the following accounts within
22 the fund:

23 (1) The Broadband Infrastructure Grant Account.

24 (2) The Rural and Urban Regional Broadband Consortia Grant
25 Account.

26 (3) The Broadband Infrastructure Revolving Loan Account.

27 (d) (1) All moneys collected by the surcharge authorized by
28 the commission pursuant to Decision 07-12-054 shall be
29 transmitted to the commission pursuant to a schedule established
30 by the commission. The commission shall transfer the moneys
31 received to the Controller for deposit in the California Advanced
32 Services Fund. Moneys collected after January 1, 2011, shall be
33 deposited in the following amounts in the following accounts:

1 (A) One hundred ninety million dollars (\$190,000,000) into the
2 Broadband Infrastructure Grant Account.

3 (B) Ten million dollars (\$10,000,000) into the Rural and Urban
4 Regional Broadband Consortia Grant Account.

5 (C) Fifteen million dollars (\$15,000,000) into the Broadband
6 Infrastructure Revolving Loan Account.

7 (2) All interest earned on moneys in the fund shall be deposited
8 in the fund.

9 (3) The commission shall not collect moneys, by imposing the
10 surcharge described in paragraph (1) for deposit in the fund, in an
11 amount that exceeds one hundred million dollars (\$100,000,000)
12 before January 1, 2011. After January 1, 2011, the commission
13 may collect an additional sum not to exceed two hundred fifteen
14 million dollars (\$215,000,000), for a sum total of moneys collected
15 by imposing the surcharge described in paragraph (1) not to exceed
16 three hundred fifteen million dollars (\$315,000,000). The
17 commission may collect the additional sum beginning with the
18 calendar year starting on January 1, 2011, and continuing through
19 the 2020 calendar year, in an amount not to exceed twenty-five
20 million dollars (\$25,000,000) per year, unless the commission
21 determines that collecting a higher amount in any year will not
22 result in an increase in the total amount of all surcharges collected
23 from telephone customers that year.

24 (e) (1) All moneys in the California Advanced Services Fund
25 shall be available, upon appropriation by the Legislature, to the
26 commission for the program administered by the commission
27 pursuant to this section, including the costs incurred by the
28 commission in developing, implementing, and administering the
29 program and the fund.

30 (2) Notwithstanding any other law and for the sole purpose of
31 providing matching funds pursuant to the federal American
32 Recovery and Reinvestment Act of 2009 (Public Law 111-5), any
33 entity eligible for funding pursuant to that act shall be eligible to
34 apply to participate in the program administered by the commission
35 pursuant to this section, if that entity otherwise satisfies the
36 eligibility requirements under that program. Nothing in this section
37 shall impede the ability of an incumbent local exchange carrier,
38 as defined by subsection (h) of Section 251 of Title 47 of the
39 United States Code, that is regulated under a rate of return
40 regulatory structure, to recover, in rate base, California

1 infrastructure investment not provided through federal or state
2 grant funds for facilities that provide broadband service and
3 California intrastate voice service.

4 (3) Notwithstanding subdivision (b) of Section 270, an entity
5 that is not a telephone corporation shall be eligible to apply to
6 participate in the program administered by the commission pursuant
7 to this section to provide access to broadband to an unserved or
8 underserved household, as defined in commission Decision
9 12-02-015, if the entity otherwise meets the eligibility requirements
10 and complies with program requirements established by the
11 commission. These requirements shall include all of the following:

12 (A) That projects under this paragraph provide last-mile
13 broadband access to households that are unserved by an existing
14 facilities-based broadband provider and only receive funding to
15 provide broadband access to households that are unserved or
16 underserved, as defined in commission Decision 12-02-015.

17 (B) That funding for a project providing broadband access to
18 an underserved household shall not be approved until after any
19 existing facilities-based provider has an opportunity to demonstrate
20 to the commission that it will, within a reasonable timeframe,
21 upgrade existing service. An existing facilities-based provider
22 may, but is not required to, apply for funding under this section to
23 make that upgrade.

24 (C) That the commission shall provide each applicant, and any
25 party challenging an application, the opportunity to demonstrate
26 actual levels of broadband service in the project area, which the
27 commission shall consider in reviewing the application.

28 (D) That a local governmental agency may be eligible for an
29 infrastructure grant only if the infrastructure project is for an
30 unserved household or business, the commission has conducted
31 an open application process, and no other eligible entity applied.

32 (E) That the commission shall establish a service list of
33 interested parties to be notified of California Advanced Services
34 Fund applications.

35 (f) Moneys in the Rural and Urban Regional Broadband
36 Consortia Grant Account shall be available for grants to eligible
37 consortia to fund the cost of broadband deployment activities other
38 than the capital cost of facilities, as specified by the commission.
39 An eligible consortium may include, as specified by the
40 commission, representatives of organizations, including, but not

1 limited to, local and regional government, public safety, K–12
2 education, health care, libraries, higher education,
3 community-based organizations, tourism, parks and recreation,
4 agricultural, and business, and is not required to have as its lead
5 fiscal agent an entity with a certificate of public convenience and
6 necessity.

7 (g) Moneys in the Broadband Infrastructure Revolving Loan
8 Account shall be available to finance capital costs of broadband
9 facilities not funded by a grant from the Broadband Infrastructure
10 Grant Account. The commission shall periodically set interest rates
11 on the loans based on surveys of existing financial markets.

12 (h) (1) The commission shall conduct two interim financial
13 audits and a final financial audit and two interim performance
14 audits and a final performance audit of the implementation and
15 effectiveness of the California Advanced Services Fund to ensure
16 that funds have been expended in accordance with the approved
17 terms of the grant awards and loan agreements and this section.
18 The commission shall report its interim findings to the Legislature
19 by April 1, 2011, and April 1, 2017. The commission shall report
20 its final findings to the Legislature by April 1, 2021. The reports
21 shall also include an update to the maps in the final report of the
22 California Broadband Task Force and data on the types and
23 numbers of jobs created as a result of the program administered
24 by the commission pursuant to this section.

25 (2) (A) The requirement for submitting a report imposed under
26 paragraph (1) is inoperative on January 1, 2022, pursuant to Section
27 10231.5 of the Government Code.

28 (B) A report to be submitted pursuant to paragraph (1) shall be
29 submitted in compliance with Section 9795 of the Government
30 Code.

31 (i) (1) Beginning on January 1, 2012, and annually thereafter,
32 the commission shall provide a report to the Legislature that
33 includes all of the following information:

34 (A) The amount of funds expended from the California
35 Advanced Services Fund in the prior year.

36 (B) The recipients of funds expended from the California
37 Advanced Services Fund in the prior year.

38 (C) The geographic regions of the state affected by funds
39 expended from the California Advanced Services Fund in the prior
40 year.

1 (D) The expected benefits to be derived from the funds expended
2 from the California Advanced Services Fund in the prior year.

3 (E) Actual broadband adoption levels from the funds expended
4 from the California Advanced Services Fund in the prior year.

5 (F) The amount of funds expended from the California
6 Advanced Services Fund used to match federal funds.

7 (G) An update on the expenditures from California Advanced
8 Services Fund and broadband adoption levels, and an accounting
9 of remaining unserved and underserved households and areas of
10 the state.

11 (H) The status of the California Advanced Services Fund balance
12 and the projected amount to be collected in each year through 2020
13 to fund approved projects.

14 (2) (A) The requirement for submitting a report imposed under
15 paragraph (1) is inoperative on January 1, 2021, pursuant to Section
16 10231.5 of the Government Code.

17 (B) A report to be submitted pursuant to paragraph (1) shall be
18 submitted in compliance with Section 9795 of the Government
19 Code.

20 *SEC. 1.5. Section 281 of the Public Utilities Code is amended*
21 *to read:*

22 281. (a) The commission shall develop, implement, and
23 administer the California Advanced Services Fund *program* to
24 encourage deployment of high-quality advanced communications
25 services to all Californians that will promote economic growth,
26 job creation, and the substantial social benefits of advanced
27 information and communications technologies, ~~as provided in~~
28 ~~Decision 07-12-054 and Decision 09-07-020 and this section.~~ The
29 *consistent with this section.*

30 (b) (1) *The goal of the program is, no later than December 31,*
31 *2015, to approve funding for infrastructure projects that will*
32 *provide broadband access to no less than 98 percent of California*
33 *households.*

34 (2) *In approving infrastructure projects, the commission shall*
35 *give priority to projects that provide last-mile broadband access*
36 *to households that are unserved by an existing facilities-based*
37 *broadband provider. The commission shall provide each applicant,*
38 *and any party challenging an application, the opportunity to*
39 *demonstrate actual levels of broadband service in the project area,*
40 *which the commission shall consider in reviewing the application.*

1 (c) The commission shall establish the following accounts within
2 the fund:

3 (1) The Broadband Infrastructure Grant Account.

4 (2) The Rural and Urban Regional Broadband Consortia Grant
5 Account.

6 (3) The Broadband Infrastructure Revolving Loan Account.

7 (4) *The Broadband Public Housing Account.*

8 ~~(b)~~

9 (d) (1) All moneys collected by the surcharge authorized by
10 the commission pursuant to Decision ~~07-12-054~~, whether collected
11 before or after January 1, 2009, ~~07-12-054~~ shall be transmitted to
12 the commission pursuant to a schedule established by the
13 commission. The commission shall transfer the moneys received
14 to the Controller for deposit in the California Advanced Services
15 Fund. Moneys collected *on and* after January 1, 2011, shall be
16 deposited in the following amounts in the following accounts:

17 (A) One hundred *ninety* million dollars—~~(\$100,000,000)~~
18 ~~(\$190,000,000)~~ into the Broadband Infrastructure Grant Account.

19 (B) Ten million dollars (\$10,000,000) into the Rural and Urban
20 Regional Broadband Consortia Grant Account.

21 (C) Fifteen million dollars (\$15,000,000) into the Broadband
22 Infrastructure Revolving Loan Account.

23 (2) All interest earned on moneys in the fund shall be deposited
24 in the fund.

25 (3) The commission shall not collect moneys, by imposing the
26 surcharge described in paragraph (1) for deposit in the fund, in an
27 amount that exceeds one hundred million dollars (\$100,000,000)
28 before January 1, 2011. ~~After~~ *On and after* January 1, 2011, the
29 commission may collect an additional sum not to exceed ~~one two~~
30 ~~hundred—twenty-five~~ *fifteen* million dollars—~~(\$125,000,000),~~
31 ~~(\$215,000,000)~~, for a sum total of moneys collected by imposing
32 the surcharge described in paragraph (1) not to exceed ~~two three~~
33 ~~hundred—twenty-five~~ *fifteen* million dollars—~~(\$225,000,000).~~
34 ~~(\$315,000,000)~~. The commission may collect the additional sum
35 beginning with the calendar year starting on January 1, 2011, and
36 continuing through the ~~2015~~ *2020* calendar year, in an amount not
37 to exceed twenty-five million dollars (\$25,000,000) per year, unless
38 the commission determines that collecting a higher amount in any
39 year will not result in an increase in the total amount of all
40 surcharges collected from telephone customers that year.

1 (e)

2 (e) (1) All moneys in the California Advanced Services Fund
3 shall be available, upon appropriation by the Legislature, to the
4 commission for the program administered by the commission
5 pursuant to this section, including the costs incurred by the
6 commission in developing, implementing, and administering the
7 program and the fund.

8 (2) Notwithstanding any other law and for the sole purpose of
9 providing matching funds pursuant to the federal American
10 Recovery and Reinvestment Act of 2009 (Public Law 111-5), any
11 entity eligible for funding pursuant to that act shall be eligible to
12 apply to participate in the program administered by the commission
13 pursuant to this section, if that entity otherwise satisfies the
14 eligibility requirements under that program. Nothing in this section
15 shall impede the ability of an incumbent local exchange carrier,
16 as defined by subsection (h) of Section 251 of Title 47 of the
17 United States Code, that is regulated under a rate of return
18 regulatory structure, to recover, in rate base, California
19 infrastructure investment not provided through federal or state
20 grant funds for facilities that provide broadband service and
21 California intrastate voice service.

22 (3) *Notwithstanding subdivision (b) of Section 270, an entity*
23 *that is not a telephone corporation shall be eligible to apply to*
24 *participate in the program administered by the commission*
25 *pursuant to this section to provide access to broadband to an*
26 *unserved or underserved household, as defined in commission*
27 *Decision 12-02-015, if the entity otherwise meets the eligibility*
28 *requirements and complies with program requirements established*
29 *by the commission. These requirements shall include all of the*
30 *following:*

31 (A) *That projects under this paragraph provide last-mile*
32 *broadband access to households that are unserved by an existing*
33 *facilities-based broadband provider and only receive funding to*
34 *provide broadband access to households that are unserved or*
35 *underserved, as defined in commission Decision 12-02-015.*

36 (B) *That funding for a project providing broadband access to*
37 *an underserved household shall not be approved until after any*
38 *existing facilities-based provider has an opportunity to demonstrate*
39 *to the commission that it will, within a reasonable timeframe,*
40 *upgrade existing service. An existing facilities-based provider*

1 *may, but is not required to, apply for funding under this section*
2 *to make that upgrade.*

3 *(C) That the commission shall provide each applicant, and any*
4 *party challenging an application, the opportunity to demonstrate*
5 *actual levels of broadband service in the project area, which the*
6 *commission shall consider in reviewing the application.*

7 *(D) That a local governmental agency may be eligible for an*
8 *infrastructure grant only if the infrastructure project is for an*
9 *unserved household or business, the commission has conducted*
10 *an open application process, and no other eligible entity applied.*

11 *(E) That the commission shall establish a service list of*
12 *interested parties to be notified of California Advanced Services*
13 *Fund applications.*

14 ~~(f)~~

15 *(f) Moneys in the Rural and Urban Regional Broadband*
16 *Consortia Grant Account shall be available for grants to eligible*
17 *consortia to fund the cost of broadband deployment activities other*
18 *than the capital cost of facilities, as specified by the commission.*
19 *An eligible consortium may include, as specified by the*
20 *commission, representatives of organizations, including, but not*
21 *limited to, local and regional government, public safety, ~~K-12~~*
22 *elementary and secondary education, health care, libraries, ~~higher~~*
23 *postsecondary education, community-based organizations, tourism,*
24 *parks and recreation, agricultural, and business, and is not required*
25 *to have as its lead fiscal agent an entity with a certificate of public*
26 *convenience and necessity.*

27 ~~(e)~~

28 *(g) Moneys in the Broadband Infrastructure Revolving Loan*
29 *Account shall be available to finance capital costs of broadband*
30 *facilities not funded by a grant from the Broadband Infrastructure*
31 *Grant Account. The commission shall periodically set interest rates*
32 *on the loans based on surveys of existing financial markets.*

33 *(h) (1) For purposes of this subdivision, the following terms*
34 *have the following meanings:*

35 *(A) "Publicly subsidized" means either that the housing*
36 *development receives financial assistance from the United States*
37 *Department of Housing and Urban Development pursuant to an*
38 *annual contribution contract or is financed with low-income*
39 *housing tax credits, tax-exempt mortgage revenue bonds, general*
40 *obligation bonds, or local, state, or federal loans or grants and*

1 *the rents of the occupants, who are lower income households, do*
2 *not exceed those prescribed by deed restrictions or regulatory*
3 *agreements pursuant to the terms of the financing or financial*
4 *assistance.*

5 *(B) “Publicly supported community” means a publicly*
6 *subsidized multifamily housing development that is wholly owned*
7 *by either of the following:*

8 *(i) A public housing agency that has been chartered by the state,*
9 *or by any city or county in the state, and has been determined to*
10 *be an eligible public housing agency by the United States*
11 *Department of Housing and Urban Development.*

12 *(ii) An incorporated nonprofit organization as described in*
13 *Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Sec.*
14 *501(c)(3)) that is exempt from taxation under Section 501(a) of*
15 *that code (16 U.S.C. Sec. 501(a)), and that has received public*
16 *funding to subsidize the construction or maintenance of housing*
17 *occupied by residents whose annual income qualifies as “low-”*
18 *or “very low” income according to federal poverty guidelines.*

19 *(2) Notwithstanding subdivision (b) of Section 270, moneys in*
20 *the Broadband Public Housing Account shall be available for the*
21 *commission to award grants and loans pursuant to this subdivision*
22 *to an eligible publicly supported community if that entity otherwise*
23 *meets eligibility requirements and complies with program*
24 *requirements established by the commission.*

25 *(3) Not more than twenty million dollars (\$20,000,000) shall*
26 *be available for grants and loans to a publicly supported*
27 *community to finance a project to connect a broadband network*
28 *to that publicly supported community. A publicly supported*
29 *community may be an eligible applicant only if the publicly*
30 *supported community can verify to the commission that the publicly*
31 *supported community has not denied a right of access to any*
32 *broadband provider that is willing to connect a broadband network*
33 *to the facility for which the grant or loan is sought.*

34 *(4) (A) Not more than five million dollars (\$5,000,000) shall*
35 *be available for grants and loans to a publicly supported*
36 *community to support programs designed to increase adoption*
37 *rates for broadband services for residents of that publicly*
38 *supported community. A publicly supported community may be*
39 *eligible for funding for a broadband adoption program only if the*
40 *residential units in the facility to be served have access to*

1 *broadband services or will have access to broadband services at*
2 *the time the funding for adoption is implemented.*

3 *(B) A publicly supported community may contract with other*
4 *nonprofit or public agencies to assist in implementation of a*
5 *broadband adoption program.*

6 *(5) To the extent feasible, the commission shall approve projects*
7 *for funding from the Broadband Public Housing Account in a*
8 *manner that reflects the statewide distribution of publicly supported*
9 *communities.*

10 *(6) In reviewing a project application under this subdivision,*
11 *the commission shall consider the availability of other funding*
12 *sources for that project, any financial contribution from the*
13 *broadband service provider to the project, the availability of any*
14 *other public or private broadband adoption or deployment*
15 *program, including tax credits and other incentives, and whether*
16 *the applicant has sought funding from, or participated in, any*
17 *reasonably available program. The commission may require an*
18 *applicant to provide match funding, and shall not deny funding*
19 *for a project solely because the applicant is receiving funding from*
20 *another source.*

21 *(7) (A) To provide funding for the purposes of this subdivision,*
22 *the commission shall transfer to the Broadband Public Housing*
23 *Account twenty million dollars (\$20,000,000) from the Broadband*
24 *Infrastructure Grant Account and five million dollars (\$5,000,000)*
25 *from the Broadband Revolving Loan Account. Any moneys in the*
26 *Broadband Public Housing Account that have not been awarded*
27 *pursuant to this subdivision by December 31, 2016, shall be*
28 *transferred back to the Broadband Infrastructure Grant Account*
29 *and Broadband Infrastructure Revolving Loan Account in*
30 *proportion to the amount transferred from the respective accounts.*

31 *(B) The commission shall transfer funds pursuant to*
32 *subparagraph (A) only if the commission is otherwise authorized*
33 *to collect funds for purposes of this section in excess of the total*
34 *amount authorized pursuant to paragraph (3) of subdivision (d).*

35 ~~(f)~~

36 *(i) (1) The commission shall conduct ~~an~~ two interim financial*
37 *audits and a final financial audit and ~~an~~ two interim performance*
38 *audits and a final performance audit of the implementation and*
39 *effectiveness of the California Advanced Services Fund to ensure*
40 *that funds have been expended in accordance with the approved*

1 terms of the grant awards and loan agreements and this section.
2 The commission shall report its interim findings to the Legislature
3 by April 1, ~~2011~~, *2011*, and April 1, 2017. The commission shall
4 report its final findings to the Legislature by April 1, ~~2017~~, *2021*.
5 The reports shall also include an update to the maps in the final
6 report of the California Broadband Task Force and data on the
7 types and numbers of jobs created as a result of the program
8 administered by the commission pursuant to this section.

9 (2) (A) The requirement for submitting a report imposed under
10 paragraph (1) is inoperative on January 1, ~~2018~~, *2022*, pursuant
11 to Section 10231.5 of the Government Code.

12 (B) A report to be submitted pursuant to paragraph (1) shall be
13 submitted in compliance with Section 9795 of the Government
14 Code.

15 ~~(g)~~

16 (j) (1) Beginning on January 1, 2012, and annually thereafter,
17 the commission shall provide a report to the Legislature that
18 includes all of the following information:

19 (A) The amount of funds expended from the California
20 Advanced Services Fund in the prior year.

21 (B) The recipients of funds expended from the California
22 Advanced Services Fund in the prior year.

23 (C) The geographic regions of the state affected by funds
24 expended from the California Advanced Services Fund in the prior
25 year.

26 (D) The expected benefits to be derived from the funds expended
27 from the California Advanced Services Fund in the prior year.

28 (E) Actual broadband adoption levels from the funds expended
29 from the California Advanced Services Fund in the prior year.

30 (F) The amount of funds expended from the California
31 Advanced Services Fund used to match federal funds.

32 (G) An update on the expenditures from California Advanced
33 Services Fund and broadband adoption levels, and an accounting
34 of remaining unserved and underserved *households and* areas of
35 the state.

36 (H) *The status of the California Advanced Services Fund*
37 *balance and the projected amount to be collected in each year*
38 *through 2020 to fund approved projects.*

1 (2) (A) The requirement for submitting a report imposed under
2 paragraph (1) is inoperative on January 1, ~~2016~~, 2021, pursuant
3 to Section 10231.5 of the Government Code.

4 (B) A report to be submitted pursuant to paragraph (1) shall be
5 submitted in compliance with Section 9795 of the Government
6 Code.

7 *SEC. 2. Section 1.5 of this bill incorporates amendments to*
8 *Section 281 of the Public Utilities Code proposed by both this bill*
9 *and Assembly Bill 1299. It shall only become operative if (1) both*
10 *bills are enacted and become effective on or before January 1,*
11 *2014, but this bill becomes operative first, (2) each bill amends*
12 *Section 281 of the Public Utilities Code, and (3) this bill is enacted*
13 *after Assembly Bill 1299, in which case Section 281 of the Public*
14 *Utilities Code, as amended by Section 1 of this bill, shall remain*
15 *operative only until the operative date of Assembly Bill 1299, at*
16 *which time Section 1.5 of this bill shall become operative.*

17 ~~SEC. 2.~~

18 *SEC. 3.* This act is an urgency statute necessary for the
19 immediate preservation of the public peace, health, or safety within
20 the meaning of Article IV of the Constitution and shall go into
21 immediate effect. The facts constituting the necessity are:

22 In order to authorize the award of funds for the expansion of
23 broadband deployment to unserved and underserved households
24 and areas of California, to stimulate investments in infrastructure
25 critical to increasing the state's productivity, and to improve the
26 quality of information available to all of the state's citizens, as
27 needed for the health and safety of those citizens, it is necessary
28 that this act take effect immediately.